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C O N F I D E N T I A L SECTION 01 OF 03 RANGOON 000290

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STATE FOR EAP/MLS; PACOM FOR FPA

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TAGS: [PREL](#) [PGOV](#) [ECON](#) [ETRD](#) [BM](#) [CM](#) [IN](#)

SUBJECT: MANDALAY: DIPLOMATIC VIEWS

REF: A. RANGOON 287

1B. 05 RANGOON 1279

Classified By: CDA Shari Villarosa for Reasons 1.4 (b,d)

11. (C) Summary: During an Embassy "Outreach Week in Mandalay" (ref A), the Charge called on the Indian and Chinese Consuls General to exchange views on local political and economic developments. Despite the close relationship that China and India enjoy with the Burmese regime, both Consuls need permission from local authorities for virtually any activity. Neither had met any opposition NLD leaders in Mandalay prior to our visit. In contrast to concerns about Chinese or Indian expansion frequently offered elsewhere, the Consuls General did not express any worry about the influence of each other's country in northern Burma. Instead, they view the region as a sleepy backwater, despite growing trade, drug issues, and ethnic disputes along their national borders. End Summary.

CHINA: EVERYTHING SEEMS FINE

12. (C) The Charge, joined by P/E chief, called on Chinese Consul General Duan Zhiquan in Mandalay on February 27. Duan, a South Asia expert stationed in Mandalay for the past year, downplayed Chinese investment and commercial activity in the region, where about 100,000 overseas Chinese reside. He claimed that other than a joint venture tractor factory, most investment was in "small scale" trading, but added that a four-year project to construct a nearby hydroelectric dam would employ over 100 Chinese technicians and engineers.

13. (C) Duan observed the GOB's recent efforts to centralize the trade of precious gems sharply cut the presence of Chinese gem merchants in Mandalay, a hub for gem mining operations in Upper Burma (ref B). "Now, very few gems cross the border directly from Mandalay into China," he said, "Everything must go through Rangoon." Chinese tourists, Duan added, find it cheaper to travel to Thailand and Singapore than to visit neighboring Burma, where "there is nothing to buy and only the scenery to admire."

14. (C) Duan offered his view that the law and order situation in Burma "seems to be just fine" and that local Burmese "lead a simple life, but they have plenty to eat." He complained that electricity supply in Mandalay is poor, so "there is no night life." He criticized the effectiveness of U.S. sanctions and questioned motives behind raising the Burma question at the UN Security Council. "There is no international security threat and no terrorism here," he said.

15. (C) The Charge responded that Burma's export of narcotics, diseases, and refugees posed a serious threat to regional security, including that of China. She also noted that it was unsustainable for 50 people to decide the future of 55 million in Burma and for the military to keep the lion's share of the country's resources. Duan conceded that life is becoming more difficult for average Burmese and said that the regime's relocation of the capital to Pyinmana created new land rights problems and increased uncertainty about the future. He added that the PRC intended to set up a liaison office in Pyinmana to handle "state visits and other business."

16. (C) Duan attended the Charge's reception at a local hotel later that evening, at which he met several NLD members and NGO workers for the first time. He was keenly interested to learn whether the Charge had requested GOB authorization to hold the reception, and initially appeared reluctant to attend. He noted that he needed regime permission "to do just about anything" in Mandalay, including most travel within his consular district. The Charge responded that we did not in general request authorization, but that we invited GOB officials to receptions and other Embassy-sponsored events. Duan was one of the last guests to leave our reception and he welcomed with a big smile news that we planned to return frequently.

INDIA: ALL QUIET ON THE EASTERN FRONT

17. (C) The Charge also met on February 27 with Indian Consul General Anita Nayar. The Indian CG, who has been at her assignment for a little over a year, described Mandalay as "very quiet." In response to an inquiry about the imminent visit to Burma of the Indian President, Nayar replied "there is nothing for me to do; his visit to Mandalay is only for a few hours and I assume the Burmese authorities will be handling all of the logistics."

18. (C) Nayar complained that it was impossible to do anything in Mandalay without permission. "We can do what we want," she said, "but we must first get authorization from the regional military commander, who is very cautious." She said that her Embassy in Rangoon handles requests to the GOB, adding that she rarely makes any direct inquiries to Mandalay authorities. Waiting for the combined Indian and Burmese bureaucracies in Rangoon to respond to simple requests, however, can take months. She complained, for example, that she still had not received approval to erect an information board outside of the Indian consulate.

19. (C) Nayar suggested that increased U.S. activities in Mandalay should focus on a library and technical and English language instruction. She acknowledged that India had announced at the East Asia Summit its intention to increase language instruction and training in ASEAN countries, but had no plans to pursue such programs in Mandalay.

110. (C) Nayar estimated about 20,000 Indian families lived in Mandalay and a total of about 100,000 Indians lived in her consular district (which consists of Mandalay and Sagaing Divisions and Chin State, but does not include Kachin State in northernmost Burma). She acknowledged that local ethnic Indians, many of whom are unable to obtain Burmese citizenship, face serious difficulties in gaining access to state education, buying property, and maintaining legal residency status. Nayar said, however, that she receives "only a few" requests for her intervention with the GOB on behalf of these stateless Indian-Burmese.

111. (C) Nayar described Indian investment in northern Burma as "minimal." She said there were several "very dated" Indian government investments in joint ventures, including a local bicycle factory and a sewing machine factory. "No one wants to put their money here," she said, adding that most Indian commercial activity was at the border and focused on trade of pharmaceuticals, textiles, and beans and pulses.

112. (C) Addressing general perceptions that India's presence in Burma was designed to counter Chinese influence, Nayar offered her personal view, based on her years of experience working on China, that "we don't really have much to worry about here when it comes to China." She added that she nonetheless understood New Delhi concerns about China and described the Indian "Look East" policy in Burma as a shift "from an ideological approach to a practical one." She agreed with the Charge that India would be much happier to have a democratic Burma, rather than an unstable neighbor.

113. (C) Nayar also attended our evening reception, where she asked the Charge to introduce her to the five divisional NLD leaders in attendance. She had never met the party leaders and said she was "absolutely delighted" to have the opportunity to get to know the democratic opposition and made arrangements to discuss local issues with them.

COMMENT: OUT OF TOUCH AND UNDER THUMB

114. (C) China and India have among the closest relations with the Burmese regime. Even their Mandalay diplomats, however, need to obtain permission from local authorities for virtually any activity. Friendship with the GOB, it seems, offers no better treatment than what the regime accords its adversaries.

115. (C) We also took note of the scant concern the Indian and Chinese diplomats had for Sino-Indian rivalries in Burma, in contrast to more alarmist views offered by their respective Embassies in Rangoon and in other capitals in the region. Although Chinese and Indian populations are prominent in Mandalay, neither Consul General seemed able to respond to their needs or extend their own influence in the region. To the contrary, each Consul viewed their district as a stagnant backwater. They prefer to leave in the hands of their Embassies the increasing flow of trade goods, refugees, drugs, and ethnic disputes along both countries' borders.
End Comment.
VILLAROSA